

## **EXTRACT FROM MINUTES: AASB 23-24 SEPTEMBER 2009 MEETING**

### **GAAP/GFS Harmonisation for entities within the GGS**

#### Agenda Item 21

The Board had before it:

- (a) a memorandum from Robert Keys dated 22 September 2009 (Agenda paper 21.1);
- (b) an email string between Peter Gibson (Branch Manager Australian Government Department of Finance and Deregulation) and Kevin Stevenson (AASB Chairman) relating to GFS/GAAP harmonisation at entity level, dated 14 September 2009 to 21 September 2009 (Agenda paper 21.2);
- (c) an advance copy of a letter from Kathryn Campbell (Deputy Secretary Budget Group Department of Finance and Deregulation) to Jeffrey Lucy (FRC Chairman), dated September 2009 (Agenda paper 21.3);
- (d) an advance copy of Attachment A *Illustration showing how harmonisation at entity level facilitates comparison between the consolidated general government sector financial statements to individual agency financial statements* and Attachment B *Illustration showing how lack of harmonisation at entity level means comparability between the consolidated general government sector financial statements to individual agency financial statements is lost* to the letter in agenda paper 21.3 (Agenda paper 21.4);
- (e) an advance copy of Attachment C *GAAP/GFS Harmonisation – Some notes on issues arising from the consultation process surrounding AASB 174* to the letter in agenda paper 21.3 (Agenda paper 21.5);
- (f) draft memorandum from AASB Chairman to FRC members dated X August 2009 (Agenda paper 21.6); and
- (g) draft Progress report on the AASB's GAAP/GFS harmonisation project (attachment to agenda paper 21.6) (Agenda paper 21.7).

Mr Tim Youngberry, Acting General Manager – Financial Management Group, from the Department of Finance and Deregulation of the Australian Government, outlined to the Board the Department's view of the benefits users of the general purpose financial

statements of entities within the GGS might derive if the Board were to issue GAAP/GFS harmonisation requirements based on the proposals in Exposure Draft ED 174 *Amendments to Australian Accounting Standards to facilitate GAAP/GFS Harmonisation for Entities within the GGS [AASBs 101, 107 and 1052]*. Mr Youngberry advised the Board that the Minister of Finance and Deregulation had also written to the Board expressing views consistent with those contained in agenda paper 21.3 and Mr Youngberry's presentation.

Mr Youngberry's presentation provided Board members with an opportunity to explore the issues in detail. The presentation and related discussion focused on a range of issues, including:

- (a) the identification of users and their information needs, including accountability and understandability;
- (b) the decision usefulness of a transactions/other economic flows split on the face of the operating statement, diverse practice around the adoption of a net cost of services format or a more conventional net surplus/deficit format, and the potential implications of and for the IASB project on financial statement presentation;
- (c) information about an entity's (in contrast to a function's) contribution to the GGS and whole of government results;
- (d) the potential benefits to users from comparability within and across jurisdictions if a standard based on ED 174 were to be developed;
- (e) the extent to which implementation costs would be incurred if such a standard were adopted;
- (f) the level of interest in Australia's work on GAAP/GFS harmonisation internationally; and
- (g) the relative merits of the AASB, as an independent standard setter, imposing requirements rather than voluntary guidance.

The session was for information purposes, and no decisions were made.

The Board will consider the matters raised during the discussion, together with earlier comments made by other constituents in response to ED 174, at its October 2009 meeting with a view to determining the Board's next step in relation to the project.

Action:           Staff  
Chairman